

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for approval of a gas cost recovery plan and	)	Case No. U-18151
authorization of gas cost recovery factors for the	)	
12-month period of April 2017 through March 2018.	)	
_____	)	

At the July 12, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On December 29, 2016, pursuant to 1982 PA 304, MCL 460.6h *et seq.* (Act 304), Consumers Energy Company (Consumers) filed an application, with supporting testimony and exhibits, requesting that the Commission approve the company's gas cost recovery (GCR) plan and factors for the 12-month period from April 1, 2017 through March 31, 2018.

On February 2, 2017, the prehearing conference was held before Administrative Law Judge Suzanne D. Sonneborn. The Commission Staff, Consumers, and the Michigan Department of the Attorney General participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Attachment A, the parties agree that the Commission should approve Consumers' GCR plan and that Consumers should be

authorized to implement a GCR factor of \$3.4582 per thousand cubic feet (Mcf), as well as a ceiling price contingency mechanism consistent with the May 3, 2016 order in Case No. U-17693 and the November 22, 2016 order in Case No. U-17943. The parties further agree that Consumers will present, in its 2018-2019 GCR plan filing, the following information:

- a. The average gas purchase prices and the related standard deviation for gas purchases made during the summer and winter periods, reported separately, for each of the most recent five GCR periods. The information will be presented by purchase location. This presentation will include the average price paid. (Similar information was provided by Consumers in discovery Response No. 18151-AG-CE-7 in this proceeding.)
- b. In addition to the delivered gas purchase cost information provided in Consumers' Exhibit A-30 (MHR-6) in this proceeding, the company will also provide this information subdivided between summer and winter periods. (Similar information was provided by Consumers in its discovery Response No. 18151-AG-CE-14(a) and (b) in this proceeding.)
- c. In addition to the gas purchase volatility information provided in Exhibit A-31 (MHR-7) in this proceeding, the company agrees to also provide the same information for all other purchase locations. (Similar information was provided by the company in its discovery Response No. 18151-AG-CE-15(b) in this proceeding.)

In addition, the parties agree that the Commission should accept Consumers' five-year GCR forecast presented in the company's filing.

The Commission finds that the settlement agreement is reasonable and prudent, in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Attachment A, is approved.
- B. Consumers Energy Company's 2017-2018 gas cost recovery plan is approved as filed.
- C. Consumers Energy Company is authorized to implement a gas cost recovery factor of \$3.4582 per thousand cubic feet and a ceiling price contingency mechanism consistent with the May 3, 2016 order in Case No. U-17693 and the November 22, 2016 order in Case No. U-17943.

D. Consumers Energy Company shall present, in its 2018-2019 gas cost recovery plan filing, the information set forth in paragraph 6 of the settlement agreement.

E. Consumers Energy Company's five-year gas cost recovery forecast presented in its 2017-2018 gas cost recovery plan filing is accepted.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Court Rules' requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General—Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General—Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of July 12, 2017.

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Kavita Kale, Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the application of	)	
CONSUMERS ENERGY COMPANY for	)	
Approval of a Gas Cost Recovery Plan and	)	Case No. U-18151
Authorization of Gas Cost Recovery	)	
Factors for the 12-Month Period	)	
April 2017 – March 2018	)	
_____	)	

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), the undersigned parties agree as follows:

1. On December 29, 2016, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application requesting approval of a Gas Cost Recovery (“GCR”) Plan and Authorization of GCR Factors for the 12-month period of April 2017 through March 2018 pursuant to Section 6h of 1982 Public Act 304, MCL 460.6h. Consumers Energy also presented a five-year forecast of the gas requirements of Consumers Energy’s customers, anticipated sources of supply, and projections of gas costs. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

2. The initial prehearing conference in this proceeding was held on February 2, 2017 before Administrative Law Judge (“ALJ”) Suzanne Sonneborn. The parties to the case are Consumers Energy, the MPSC Staff, and the Michigan Department of Attorney General, Special Litigation Unit on behalf of Attorney General Bill Schuette (“Attorney General”).

3. For purposes of settlement, the undersigned parties agree that Consumers Energy’s 2017-2018 filed GCR Plan shall be approved as presented by the Company, with an

approved GCR factor of \$3.4582 per Mcf, plus the ceiling price contingency mechanism as described in paragraph 4 below.

4. The parties agree that the Company should be authorized to implement a ceiling price contingency mechanism which is consistent with the Commission's May 3, 2016 Order in Case No. U-17693 and the Commission's November 22, 2016 Order in Case No. U-17943.

5. The parties agree that the five-year GCR forecast presented in the Company's filing should be accepted.

6. Consumers Energy agrees to present, in its 2018-2019 GCR Plan filing, the following information:

- a. The average gas purchase prices and the related standard deviation for gas purchases made during the summer and winter periods, reported separately, for each of the most recent five GCR periods. The information will be presented by purchase location. This presentation will include the average price paid. (Similar information was provided by Consumers Energy in discovery Response No. 18151-AG-CE-7 in this proceeding.)
- b. In addition to the delivered gas purchase cost information provided in Consumers Energy's Exhibit A-30 (MHR-6) in this proceeding, the Company will also provide this information subdivided between summer and winter periods. (Similar information was provided by Consumers Energy in its discovery Response No. 18151-AG-CE-14(a) and (b) in this proceeding.)
- c. In addition to the gas purchase volatility information provided in Exhibit A-31 (MHR-7) in this proceeding, the Company agrees to also provide the same information for all other purchase locations. (Similar information was provided by the Company in its discovery Response No. 18151-AG-CE-15(b) in this proceeding.)

7. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement

Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

8. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of MPSC Case No. U-18151. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.


9. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

10. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

11. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.


WHEREFORE, the undersigned parties respectfully request the Michigan Public Service Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

**CONSUMERS ENERGY COMPANY**

By:  Digitally signed  
by Kelly M. Hall  
Date: 2017.05.22  
09:09:06 -04'00' Date: May 22, 2017


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COMMISSION STAFF**

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